Congress of the United States Washington, DC 20515

December 5, 2022

The Honorable Patrick Leahy Chair, Senate Committee on Appropriations Room S-128, The Capitol Washington, DC 20510

The Honorable Rosa DeLauro Chair, House Committee on Appropriations H-307, The Capitol Washington, DC 20515 The Honorable Richard Shelby Vice Chair, Senate Committee on Appropriations Room S-128, The Capitol Washington, DC 20510

The Honorable Kay Granger Ranking Member, House Committee on Appropriations 1036 Longworth HOB Washington, DC 20515

Dear Chairman Leahy, Vice Chair Shelby, Chairwoman DeLauro, and Ranking Member Granger:

We write to respectfully request that you include \$2.1 billion in Disaster Supplemental Funding to address the severe and ongoing supply shortage of electrical transformers and complementary grid security technologies through the Defense Production Act (DPA). The transformer shortage is the result of a number of overlapping dynamics, from the recent COVID-19 supply shocks to the decades-long trend of outsourcing manufacturing abroad. A Department of Energy (DOE) report published in February 2022, found that only eight U.S. companies produce transformers, supplying just one-fifth of domestic inventories. The combination of increased demand and extreme weather events have added pressure to the already-struggling transformer supply chain. In recent months, major storms along the Gulf Coast have further depleted transformer inventories, which puts grid reliability at risk from future extreme weather events.

From our ability to protect against cyber-attacks, intentional electromagnetic pulse (EMP) attacks or a naturally occurring geomagnetic disturbance, to our capacity to respond to foreign supply-chain disruptions, the current shortage puts America's national security at risk, weakens the resilience of our electrical grid, and jeopardizes our decarbonization goals.

We therefore strongly urge the Committee to include \$2.1 billion in the Disaster Supplemental Funding to expand domestic manufacturing of transformers and grid components, including electrical steels, flexible transformers, circuit breakers, switchgear or substation to serve load and interconnect generation, and inverters and optimizers to integrate the influx of distributed generators. We appreciate your attention to this urgent matter.

¹ Nguyen, Ruby, Severson, Mike, Zhang, Bo, Vaagensmith, Bjorn, Rahman, Md Manunur, Toba, Ange-Lionel, Price, Paige, Davis, Ryan, and Williams, Sophie. Electric Grid Supply Chain Review: Large Power Transformers and High Voltage Direct Current Systems. United States: N. p., 2022. Retrieved from: doi:10.2172/1871501.

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